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**State:** District of Columbia **Filing Company:** Group Hospitalization and Medical Services, Inc.  
**TOI/Sub-TOI:** MS05G Group Medicare Supplement - Standard Plans/MS05G.015 Multi-Plan  
**Product Name:** DC GHMSI Group Medigap  
**Project Name/Number:** /

## Filing at a Glance

Company: Group Hospitalization and Medical Services, Inc.  
Product Name: DC GHMSI Group Medigap  
State: District of Columbia  
TOI: MS05G Group Medicare Supplement - Standard Plans  
Sub-TOI: MS05G.015 Multi-Plan  
Filing Type: Rate  
Date Submitted: 11/12/2019  
SERFF Tr Num: CFAP-132144483  
SERFF Status: Assigned  
State Tr Num:  
State Status:  
Co Tr Num: 2394  
  
Implementation: 01/01/2020  
Date Requested:  
Author(s): Dwayne Lucado, Anna Guloy, Shane Kontir, Britney Tyler, Alvin Fedha, Brandon Buck  
Reviewer(s): John Morgan (primary)  
Disposition Date:  
Disposition Status:  
Implementation Date:

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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Group Hospitalization and Medical Services, Inc.
<b>TOI/Sub-TOI:</b>	MS05G Group Medicare Supplement - Standard Plans/MS05G.015 Multi-Plan		
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<b>Project Name/Number:</b>	/		

## General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small and Large
Group Market Type:	Overall Rate Impact: 3.3%
Filing Status Changed: 11/12/2019	
State Status Changed:	Deemer Date:
Created By: Britney Tyler	Submitted By: Britney Tyler
Corresponding Filing Tracking Number:	

### Filing Description:

Enclosed for your review is the rate filing for large group Medigap business of Group Hospitalization and Medical Services, Inc. (GHMSI) dba CareFirst BlueCross BlueShield. The company filing number is 2394 and the proposed effective date is 1/1/2020. This filing is made to fulfill the requirement of annual filing for the enclosed Group Medicare Supplement plans. These plans were most recently filed for an effective date of 3/1/2019, thus it is not an initial filing. We are increasing premiums consistent with our Individual Medigap filings. To date we have no in-force business in these plans. These plans are open to new business. The overall premium impact is 3.3% (1/1/2020 vs. 3/1/2019).

## Company and Contact

### Filing Contact Information

Britney Tyler, Actuarial Assistant	britney.tyler@carefirst.com
10455 Mill Run Circle	410-998-7197 [Phone]
Mail Stop OM1-780	
Owings Mills, MD 21117	

### Filing Company Information

Group Hospitalization and Medical Services, Inc.	CoCode: 53007	State of Domicile: District of Columbia
840 First Street NE	Group Code:	Company Type: Hospital, Medical & Dental Service or Indemnity
Washington, DC 20065	Group Name:	State ID Number:
(410) 581-3000 ext. [Phone]	FEIN Number: 53-0078070	

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## Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Group Hospitalization and Medical Services, Inc.
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<b>Product Name:</b>	DC GHMSI Group Medigap		
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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	Electronic
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	4.700%
<b>Effective Date of Last Rate Revision:</b>	03/01/2019
<b>Filing Method of Last Filing:</b>	Electronic
<b>SERFF Tracking Number of Last Filing:</b>	

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Group Hospitalization and Medical Services, Inc.	3.300%	3.300%	\$0	0	\$0	%	%

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Group Hospitalization and Medical Services, Inc.
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<b>Product Name:</b>	DC GHMSI Group Medigap		
<b>Project Name/Number:</b>	/		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Group Medigap DC Rate Manual	DC/CF/MC SUPP A (1/13), DC/CF/MC SUPP B (1/13), DC/CF/MC SUPP G (1/13), DC/CF/MC SUPP L (1/13), DC/CF/MC SUPP M (1/13), DC/CF/MC SUPP N (1/13), DC/CF/GC (R. 1/13), DC/CF/GC/MED SUPP AMEND (1/13)	Revised	Previous State Filing Number: CFAP-131724176 Percent Rate Change Request: 3.3	File 2394 DC GHMSI Effective 1.1.20 GRP 65+ Filing_Rates.pdf,

***Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield***

**2020 MEDIGAP RATE FILING**

**JURISDICTION: District of Columbia**  
**Effective Date: 01/01/2020**  
**(NAIC #53007)**

***Standardized Coverage***

**Plans A, B, G, L, M & N**

**Form Numbers:**

DC/CF/MC SUPP A (1/13)  
DC/CF/MC SUPP B (1/13)  
DC/CF/MC SUPP G (1/13)  
DC/CF/MC SUPP L (1/13)  
DC/CF/MC SUPP M (1/13)  
DC/CF/MC SUPP N (1/13)  
DC/CF/GC (R. 1/13)  
DC/CF/GC/MED SUPP AMEND (1/13)

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM

**Base Rates PCPM (Effective 01/01/2020)**

<b>Product</b>	<b>Proposed Net</b>		<b>Last Filed Net</b>		<b>% Change</b>
	<b>Premium PCPM</b>	<b>Base Rate</b>	<b>Premium PCPM</b>	<b>Base Rate</b>	
Plan A	\$	138.17	\$	133.70	3.3%
Plan B	\$	150.25	\$	145.39	3.3%
Plan G	\$	162.33	\$	157.08	3.3%
Plan L	\$	126.10	\$	122.02	3.3%
Plan M	\$	148.93	\$	144.11	3.3%
Plan N	\$	123.42	\$	119.43	3.3%

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**GROUP MEDIGAP DC GHMSI RATING FACTORS**

Effective: 01/01/2020

**Age, Gender & Level Combined\***

<u>Age</u>	<u>♂</u>	<u>Band to</u>	<u>♀</u>	<u>Band to</u>	<u>♂/♀</u>	<u>♀/♂</u>
		<u>Band to</u>		<u>Band to</u>	<u>Δ</u>	<u>Δ</u>
< 65	<b>3.3300</b>		<b>3.3300</b>		0.0%	0.0%
65	<b>1.5270</b>		<b>1.4550</b>		4.9%	-4.7%
66	<b>1.5870</b>	3.9%	<b>1.5109</b>	3.8%	5.0%	-4.8%
67	<b>1.6490</b>	3.9%	<b>1.5599</b>	3.2%	5.7%	-5.4%
68	<b>1.6900</b>	2.5%	<b>1.5834</b>	1.5%	6.7%	-6.3%
69	<b>1.7066</b>	1.0%	<b>1.5960</b>	0.8%	6.9%	-6.5%
70	<b>1.7210</b>	0.8%	<b>1.6065</b>	0.7%	7.1%	-6.7%
71	<b>1.7329</b>	0.7%	<b>1.6133</b>	0.4%	7.4%	-6.9%
72	<b>1.7561</b>	1.3%	<b>1.6235</b>	0.6%	8.2%	-7.6%
73	<b>1.7777</b>	1.2%	<b>1.6319</b>	0.5%	8.9%	-8.2%
74	<b>1.7946</b>	1.0%	<b>1.6358</b>	0.2%	9.7%	-8.8%
75	<b>1.8106</b>	0.9%	<b>1.6386</b>	0.2%	10.5%	-9.5%
76	<b>1.8740</b>	3.5%	<b>1.6837</b>	2.8%	11.3%	-10.2%
77	<b>1.9395</b>	3.5%	<b>1.7301</b>	2.8%	12.1%	-10.8%
78	<b>2.0075</b>	3.5%	<b>1.7776</b>	2.7%	12.9%	-11.5%
79	<b>2.0777</b>	3.5%	<b>1.8263</b>	2.7%	13.8%	-12.1%
80	<b>2.1504</b>	3.5%	<b>1.8762</b>	2.7%	14.6%	-12.8%
81	<b>2.2257</b>	3.5%	<b>1.9275</b>	2.7%	15.5%	-13.4%
82	<b>2.3035</b>	3.5%	<b>1.9799</b>	2.7%	16.3%	-14.0%
83	<b>2.3841</b>	3.5%	<b>2.0337</b>	2.7%	17.2%	-14.7%
84	<b>2.4677</b>	3.5%	<b>2.0888</b>	2.7%	18.1%	-15.4%
85	<b>2.5540</b>	3.5%	<b>2.1454</b>	2.7%	19.0%	-16.0%
86	<b>2.5795</b>	1.0%	<b>2.1669</b>	1.0%	19.0%	-16.0%
87	<b>2.6052</b>	1.0%	<b>2.1886</b>	1.0%	19.0%	-16.0%
88	<b>2.6313</b>	1.0%	<b>2.2105</b>	1.0%	19.0%	-16.0%
89	<b>2.6577</b>	1.0%	<b>2.2327</b>	1.0%	19.0%	-16.0%
90	<b>2.6842</b>	1.0%	<b>2.2549</b>	1.0%	19.0%	-16.0%
Ratio 85/65:	1.67		1.47			
Ratio 90/65:	1.76		1.55			
<b><u>Tobacco**</u></b>						
Non-Smoker	0.889					
Smoker	1.111					
<b>Ratio 1:</b>	1.250					
<b>Ratio 2:</b>	0.800					

\*Factors shown in this exhibit reflect the multiplication of the age/gender and level factors from the latest approved DC GHMSI Individual Medigap filing (SERFF Tracking #: CFAP-132026758).

\*\*If smoker/non-smoker status is unavailable for a member, CareFirst will assume a status of non-smoker.

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<b>Product Name:</b>	DC GHMSI Group Medigap		
<b>Project Name/Number:</b>	/		

## Supporting Document Schedules

<b>Bypassed - Item:</b>	Cover Letter
<b>Bypass Reason:</b>	Enclosed for your review is the rate filing for large group Medigap business of Group Hospitalization and Medical Services, Inc. (GHMSI) dba CareFirst BlueCross BlueShield. The company filing number is 2394 and the proposed effective date is 1/1/2020. This filing is made to fulfill the requirement of annual filing for the enclosed Group Medicare Supplement plans. These plans were most recently filed for an effective date of 3/1/2019, thus it is not an initial filing. We are increasing premiums consistent with our Individual Medigap filings. To date we have no in-force business in these plans. These plans are open to new business. The overall premium impact is 3.3% (1/1/2020 vs. 3/1/2019). Please see attached certification for signature (also enclosed in 'Actuarial Memorandum and Certifications')
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

  

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	Insurer is filling
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

  

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	Please see attached
<b>Attachment(s):</b>	File 2394 DC GHMSI Effective 1.1.20 GRP 65+ Filing_Actuarial Memorandum.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

  

<b>Bypassed - Item:</b>	Actuarial Justification
<b>Bypass Reason:</b>	Not Required.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

  

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	Not Applicable
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	



<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Group Hospitalization and Medical Services, Inc.
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<b>Product Name:</b>	DC GHMSI Group Medigap		
<b>Project Name/Number:</b>	/		

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	Not Applicable
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Certifications
<b>Comments:</b>	
<b>Attachment(s):</b>	ACTUARIAL CERTIFICATION - DC GHMSI.pdf File 2394 DC GHMSI Effective 1.1.20 GRP 65+ Filing_Actuarial Memorandum.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	Not Applicable.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

***Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield***

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**JURISDICTION: District of Columbia**

**Effective Date: 01/01/2020**

**(NAIC #53007)**

***Standardized Coverage***

**Plans A, B, G, L, M & N**

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**ACTUARIAL MEMORANDUM TABLE OF CONTENTS**

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8	Final Composite Rate Derivation From Sample Group Census
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15	Loss Ratio Forecast Summary

**Group Hospitalization & Medical Services, Inc. d.b.a. CareFirst BlueCross BlueShield**  
**NAIC #: 53007**  
**DC File # 2394 Group Medigap, Standardized Coverage, 2010 Benefits**  
**Rates Proposed to be Effective 1/1/2020**  
**ACTUARIAL MEMORANDUM**

**Purpose of the Filing**

This filing is made to fulfill the requirement of annual filing for the enclosed Group Medicare Supplement plans. These plans were most recently filed for an effective date of 3/1/2019. To date we have no in-force business in these plans. These plans are open to new business.

**Summary of Assumptions**

In the absence of experience, we are proposing to move the existing base net premiums forward with trend. We are increasing premiums consistent with the trend assumed in our Individual Medigap filings. No changes to other rating factors are being proposed.

Case specific experience will be used consistent with our prevailing approved large group credibility curve (currently from SERFF #: CFAP-131868194). In the event that benefit adjustments are needed, the manual rates in this filing or other actuarially appropriate methods will be used to estimate the adjustments. Retention items from our prevailing approved large group filing will also be used, with the exception of ACA fees.

Premium Rates are based on attained age.

Enrollment projections are for illustrative purposes only.

Underwriters have latitude to use their expertise and judgment in settling on final rates for specific groups. Net premiums will be provided to underwriters as retention also varies by group. The company will apply underwriting discretion (+/- 30%) in situations where we feel the rating manual rate does not accurately reflect the expected experience of the group.

We will not have contract tiers. If a customer seeks to cover a dependent they will receive another single, independent rate.

The prevailing approved "Point of Enrollment" (POE) loads will apply if an employer offers more than one GRP65+ lettered plan as a choice to their retirees.

CareFirst changed the structure of its broker relationships, which resulted in commissions being excluded from quoted premium rates. As described on Page 7, this filing supports making such change.

## **Actuarial Memorandum (Continued)**

### **Use of Past Experience to Project Future Results**

To date we have no in-force business in these plans. As such, we are proposing to move forward the previously approved base premiums using the recently approved pricing trends from our Individual Medigap line of business. We feel this is reasonable given these are similar populations with very similar benefits.

### **Recognition of Plan Provisions**

The plan relativities in this filing are unchanged from the last approved filing. These relativities recognize the benefit differences between the plans.

### **New Plans or Benefits**

There are no new plans or benefits in this filing.

### **Regulatory Benchmark**

The plans' expected loss ratios are above the minimum of 75.0% per D.C. law (26-A2212).

### **Reasonableness of Assumptions**

Assumptions are reasonable in the aggregate and for each assumption individually.

### **Form Numbers**

The forms numbers supporting this rate filing are listed below.

DC/CF/MC SUPP A (1/13)  
DC/CF/MC SUPP B (1/13)  
DC/CF/MC SUPP G (1/13)  
DC/CF/MC SUPP L (1/13)  
DC/CF/MC SUPP M (1/13)  
DC/CF/MC SUPP N (1/13)  
DC/CF/GC (R. 1/13)  
DC/CF/GC/MED SUPP AMEND (1/13)

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Derivation of 1/1/2020 Net Premium Base Rates**

<b>Product</b>	<b>Net Premium PCPM (Prior Filing)</b>	<b>Annual Trend*</b>	<b>Effective Date (Prior Filing)**</b>	<b>Effective Date (Proposed)</b>	<b>Years of Trend</b>	<b>Trend Factor</b>	<b>Net Premium PCPM (Prior Filing) Trended to 2020</b>	<b>Net Premium PCPM (Proposed)</b>
Plan A	\$ 133.70	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 138.17	\$ 138.17
Plan B	\$ 145.39	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 150.25	\$ 150.25
Plan G	\$ 157.08	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 162.33	\$ 162.33
Plan L	\$ 122.02	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 126.10	\$ 126.10
Plan M	\$ 144.11	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 148.93	\$ 148.93
Plan N	\$ 119.43	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 123.42	\$ 123.42

\* Pricing trend from latest approved DC FirstCare IND65+ rate filing (SERFF #: CFAP-131999911).

\*\* This date reflects the target effective date in the prior filing (i.e. the date to which these rates are priced).

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan-to-Plan Relativities (Base Rates)**

<b>Product</b>	<b>Net Premium PCPM (Proposed)</b>	<b>Relativity to Plan G</b>
Plan G	\$ 162.33	100.0%
Plan B	\$ 150.25	92.6%
Plan M	\$ 148.93	91.7%
Plan A	\$ 138.17	85.1%
Plan L	\$ 126.10	77.7%
Plan N	\$ 123.42	76.0%

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**ESTIMATED COMPONENTS OF RETENTION (Illustrative)**

<b>Item</b>	<b>\$ PCPM</b>	<b>% of Premium</b>
Administrative Costs	\$ 30.49	10.4%
Service Fee *	\$ -	0.0%
Other Broker Expenses	\$ 4.51	1.5%
Contribution to Reserve	\$ 5.37	1.8%
Premium Tax	\$ 5.85	2.0%
Assesment Fees	\$ 0.29	0.1%
Federal Income Tax	\$ 0.95	0.3%
State Income Tax	\$ -	0.0%
<b>Total Retention</b>	<b>\$ 47.45</b>	<b>16.2%</b>
<b>Projected Claims</b>	<b>\$ 244.94</b>	<b>83.8%</b>
<b>Total Revenue</b>	<b>\$ 292.39</b>	<b>100.0%</b>

\* The "Service Fee" is a charge by the broker/producer to the policyholder for services provided by the broker/producer. If the policyholder and broker/producer elect to do so, we may collect a service fee for an amount up to 5% of the total premium. The Service Fee is not set by us, but negotiated between the policyholder and the broker/producer, and may be included in the total amount due if so requested by the policyholder. This exhibit demonstrates this change in broker strategy and commission payments.



**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM

Derivation of actual, final, composite GRP65+ rate for specific group based on census  
(assuming group selects Plan G)

**Step 1: Determine average rating factor for group (sample census)**

	Enrollment					Rating Factors				
	Male	Male	Female	Female	Total	Male	Male	Female	Female	Avg. Factor
Age	Smoker	Non-Smoker	Smoker	Non-Smoker		Smoker	Non-Smoker	Smoker	Non-Smoker	
65	2	5	3	1	11	1.6965	1.3575	1.6165	1.2935	1.4840
70	2	6	3	2	13	1.9120	1.5300	1.7848	1.4282	1.6319
75	1	10	2	10	23	2.0116	1.6096	1.8205	1.4567	1.5790
80	1	12	1	10	24	2.3891	1.9117	2.0845	1.6679	1.8372
85	1	15	1	12	29	2.8375	2.2705	2.3835	1.9073	2.1436
<b>Composite</b>	<b>7</b>	<b>48</b>	<b>10</b>	<b>35</b>	<b>100</b>					<b>1.8011</b>

**Step 2: Determine gross premium base rate for plan selected by group and apply average factor**

Proposed 1/1/2020 Plan G Net Prem Base Rate PCPM:	\$ 162.33
Group specific retention charge (illustrative)*:	83.8%
Proposed 1/1/2020 Plan G Gross Prem Base Rate PCPM:	\$ 193.78
Average Factor:	1.8011
<b>Final Group Billed Premium PCPM:</b>	<b>\$ 349.00</b>

<b>Total Monthly Billed Amount:</b>	<b>\$ 34,900</b>
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\* This will vary by group size.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan A Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	15	\$38,264	\$45,677	83.8%	\$ 212.58	\$ 253.76
2021	29	\$77,600	\$92,634	83.8%	\$ 221.08	\$ 263.91
2022	43	\$118,056	\$140,927	83.8%	\$ 229.93	\$ 274.47
2023	56	\$159,681	\$190,617	83.8%	\$ 239.12	\$ 285.45
2024	68	\$202,529	\$241,765	83.8%	\$ 248.69	\$ 296.87
2025	79	\$246,653	\$294,438	83.8%	\$ 258.64	\$ 308.74
2026	90	\$292,110	\$348,701	83.8%	\$ 268.98	\$ 321.09
2027	101	\$338,958	\$404,625	83.8%	\$ 279.74	\$ 333.94
2028	111	\$387,258	\$462,282	83.8%	\$ 290.93	\$ 347.29
2029	120	\$437,073	\$521,748	83.8%	\$ 302.57	\$ 361.18
2030	129	\$488,469	\$583,101	83.8%	\$ 314.67	\$ 375.63
2031	138	\$541,513	\$646,422	83.8%	\$ 327.26	\$ 390.66
2032	146	\$596,278	\$711,796	83.8%	\$ 340.35	\$ 406.28
2033	154	\$652,835	\$779,311	83.8%	\$ 353.96	\$ 422.53
2034	161	\$711,263	\$849,058	83.8%	\$ 368.12	\$ 439.44
2035	168	\$771,640	\$921,131	83.8%	\$ 382.84	\$ 457.01
2036	175	\$834,049	\$995,631	83.8%	\$ 398.16	\$ 475.29
2037	181	\$898,575	\$1,072,658	83.8%	\$ 414.08	\$ 494.31
2038	187	\$965,309	\$1,152,321	83.8%	\$ 430.65	\$ 514.08
2039	192	\$1,034,342	\$1,234,728	83.8%	\$ 447.87	\$ 534.64
<b>Present Value 2020 - 2039</b>		<b>\$5,577,674</b>	<b>\$6,658,251</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$5,577,674</b>	<b>\$6,658,251</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan A**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	15
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan B Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	15	\$41,610	\$49,671	83.8%	\$ 231.17	\$ 275.95
2021	29	\$84,385	\$100,733	83.8%	\$ 240.41	\$ 286.99
2022	43	\$128,377	\$153,248	83.8%	\$ 250.03	\$ 298.47
2023	56	\$173,642	\$207,282	83.8%	\$ 260.03	\$ 310.41
2024	68	\$220,236	\$262,903	83.8%	\$ 270.43	\$ 322.82
2025	79	\$268,218	\$320,180	83.8%	\$ 281.25	\$ 335.74
2026	90	\$317,649	\$379,188	83.8%	\$ 292.50	\$ 349.16
2027	101	\$368,593	\$440,001	83.8%	\$ 304.20	\$ 363.13
2028	111	\$421,115	\$502,699	83.8%	\$ 316.37	\$ 377.66
2029	120	\$475,286	\$567,364	83.8%	\$ 329.02	\$ 392.76
2030	129	\$531,175	\$634,081	83.8%	\$ 342.18	\$ 408.47
2031	138	\$588,857	\$702,938	83.8%	\$ 355.87	\$ 424.81
2032	146	\$648,409	\$774,027	83.8%	\$ 370.10	\$ 441.80
2033	154	\$709,912	\$847,445	83.8%	\$ 384.91	\$ 459.48
2034	161	\$773,448	\$923,290	83.8%	\$ 400.30	\$ 477.86
2035	168	\$839,103	\$1,001,665	83.8%	\$ 416.32	\$ 496.97
2036	175	\$906,968	\$1,082,677	83.8%	\$ 432.97	\$ 516.85
2037	181	\$977,136	\$1,166,439	83.8%	\$ 450.29	\$ 537.52
2038	187	\$1,049,704	\$1,253,066	83.8%	\$ 468.30	\$ 559.02
2039	192	\$1,124,774	\$1,342,679	83.8%	\$ 487.03	\$ 581.38
<b>Present Value 2020 - 2039</b>		<b>\$6,065,322</b>	<b>\$7,240,372</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$6,065,322</b>	<b>\$7,240,372</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan B**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	15
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan G Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	900	\$2,697,311	\$3,219,868	83.8%	\$ 249.75	\$ 298.14
2021	1,755	\$5,470,147	\$6,529,892	83.8%	\$ 259.74	\$ 310.06
2022	2,567	\$8,321,916	\$9,934,142	83.8%	\$ 270.13	\$ 322.46
2023	3,339	\$11,256,161	\$13,436,846	83.8%	\$ 280.94	\$ 335.36
2024	4,072	\$14,276,560	\$17,042,394	83.8%	\$ 292.17	\$ 348.78
2025	4,768	\$17,386,932	\$20,755,347	83.8%	\$ 303.86	\$ 362.73
2026	5,430	\$20,591,248	\$24,580,442	83.8%	\$ 316.01	\$ 377.24
2027	6,058	\$23,893,630	\$28,522,603	83.8%	\$ 328.66	\$ 392.33
2028	6,656	\$27,298,363	\$32,586,944	83.8%	\$ 341.80	\$ 408.02
2029	7,223	\$30,809,897	\$36,778,776	83.8%	\$ 355.47	\$ 424.34
2030	7,762	\$34,432,857	\$41,103,622	83.8%	\$ 369.69	\$ 441.31
2031	8,274	\$38,172,049	\$45,567,217	83.8%	\$ 384.48	\$ 458.97
2032	8,760	\$42,032,466	\$50,175,522	83.8%	\$ 399.86	\$ 477.33
2033	9,222	\$46,019,298	\$54,934,733	83.8%	\$ 415.85	\$ 496.42
2034	9,661	\$50,137,936	\$59,851,285	83.8%	\$ 432.49	\$ 516.27
2035	10,078	\$54,393,985	\$64,931,870	83.8%	\$ 449.79	\$ 536.93
2036	10,474	\$58,793,270	\$70,183,440	83.8%	\$ 467.78	\$ 558.40
2037	10,850	\$63,341,845	\$75,613,220	83.8%	\$ 486.49	\$ 580.74
2038	11,208	\$68,045,999	\$81,228,723	83.8%	\$ 505.95	\$ 603.97
2039	11,547	\$72,912,275	\$87,037,754	83.8%	\$ 526.19	\$ 628.13
<b>Present Value 2020 - 2039</b>		<b>\$393,178,184</b>	<b>\$469,349,589</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$393,178,184</b>	<b>\$469,349,589</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan G**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	900
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan L Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	5	\$11,641	\$13,896	83.8%	\$ 194.01	\$ 231.60
2021	10	\$23,607	\$28,181	83.8%	\$ 201.77	\$ 240.86
2022	14	\$35,914	\$42,872	83.8%	\$ 209.84	\$ 250.49
2023	19	\$48,577	\$57,988	83.8%	\$ 218.23	\$ 260.51
2024	23	\$61,612	\$73,549	83.8%	\$ 226.96	\$ 270.93
2025	26	\$75,035	\$89,572	83.8%	\$ 236.04	\$ 281.77
2026	30	\$88,864	\$106,080	83.8%	\$ 245.48	\$ 293.04
2027	34	\$103,116	\$123,093	83.8%	\$ 255.30	\$ 304.76
2028	37	\$117,810	\$140,633	83.8%	\$ 265.52	\$ 316.95
2029	40	\$132,964	\$158,723	83.8%	\$ 276.14	\$ 329.63
2030	43	\$148,599	\$177,388	83.8%	\$ 287.18	\$ 342.82
2031	46	\$164,736	\$196,651	83.8%	\$ 298.67	\$ 356.53
2032	49	\$181,396	\$216,539	83.8%	\$ 310.62	\$ 370.79
2033	51	\$198,602	\$237,078	83.8%	\$ 323.04	\$ 385.62
2034	54	\$216,377	\$258,296	83.8%	\$ 335.96	\$ 401.05
2035	56	\$234,744	\$280,222	83.8%	\$ 349.40	\$ 417.09
2036	58	\$253,730	\$302,885	83.8%	\$ 363.38	\$ 433.77
2037	60	\$273,360	\$326,318	83.8%	\$ 377.91	\$ 451.13
2038	62	\$293,661	\$350,553	83.8%	\$ 393.03	\$ 469.17
2039	64	\$314,662	\$375,622	83.8%	\$ 408.75	\$ 487.94
<b>Present Value 2020 - 2039</b>		<b>\$1,696,810</b>	<b>\$2,025,537</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$1,696,810</b>	<b>\$2,025,537</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan L**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	5
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan M Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	5	\$13,748	\$16,412	83.8%	\$ 229.13	\$ 273.53
2021	10	\$27,881	\$33,283	83.8%	\$ 238.30	\$ 284.47
2022	14	\$42,416	\$50,634	83.8%	\$ 247.83	\$ 295.85
2023	19	\$57,372	\$68,487	83.8%	\$ 257.75	\$ 307.68
2024	23	\$72,767	\$86,864	83.8%	\$ 268.06	\$ 319.99
2025	26	\$88,620	\$105,789	83.8%	\$ 278.78	\$ 332.79
2026	30	\$104,953	\$125,285	83.8%	\$ 289.93	\$ 346.10
2027	34	\$121,785	\$145,378	83.8%	\$ 301.53	\$ 359.94
2028	37	\$139,139	\$166,094	83.8%	\$ 313.59	\$ 374.34
2029	40	\$157,037	\$187,460	83.8%	\$ 326.13	\$ 389.31
2030	43	\$175,503	\$209,503	83.8%	\$ 339.18	\$ 404.88
2031	46	\$194,561	\$232,254	83.8%	\$ 352.74	\$ 421.08
2032	49	\$214,238	\$255,742	83.8%	\$ 366.85	\$ 437.92
2033	51	\$234,558	\$280,000	83.8%	\$ 381.53	\$ 455.44
2034	54	\$255,551	\$305,059	83.8%	\$ 396.79	\$ 473.66
2035	56	\$277,244	\$330,955	83.8%	\$ 412.66	\$ 492.60
2036	58	\$299,667	\$357,722	83.8%	\$ 429.16	\$ 512.31
2037	60	\$322,851	\$385,397	83.8%	\$ 446.33	\$ 532.80
2038	62	\$346,827	\$414,019	83.8%	\$ 464.18	\$ 554.11
2039	64	\$371,631	\$443,628	83.8%	\$ 482.75	\$ 576.28
<b>Present Value 2020 - 2039</b>		<b>\$2,004,012</b>	<b>\$2,392,254</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$2,004,012</b>	<b>\$2,392,254</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan M**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	5
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan N Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	60	\$136,718	\$163,205	83.8%	\$ 189.89	\$ 226.67
2021	117	\$277,265	\$330,980	83.8%	\$ 197.48	\$ 235.74
2022	171	\$421,812	\$503,531	83.8%	\$ 205.38	\$ 245.17
2023	223	\$570,540	\$681,072	83.8%	\$ 213.60	\$ 254.98
2024	271	\$723,634	\$863,826	83.8%	\$ 222.14	\$ 265.18
2025	318	\$881,289	\$1,052,024	83.8%	\$ 231.03	\$ 275.78
2026	362	\$1,043,706	\$1,245,906	83.8%	\$ 240.27	\$ 286.81
2027	404	\$1,211,093	\$1,445,722	83.8%	\$ 249.88	\$ 298.29
2028	444	\$1,383,669	\$1,651,730	83.8%	\$ 259.87	\$ 310.22
2029	482	\$1,561,657	\$1,864,201	83.8%	\$ 270.27	\$ 322.63
2030	517	\$1,745,294	\$2,083,414	83.8%	\$ 281.08	\$ 335.53
2031	552	\$1,934,822	\$2,309,660	83.8%	\$ 292.32	\$ 348.95
2032	584	\$2,130,494	\$2,543,240	83.8%	\$ 304.01	\$ 362.91
2033	615	\$2,332,574	\$2,784,470	83.8%	\$ 316.17	\$ 377.43
2034	644	\$2,541,335	\$3,033,674	83.8%	\$ 328.82	\$ 392.53
2035	672	\$2,757,061	\$3,291,193	83.8%	\$ 341.97	\$ 408.23
2036	698	\$2,980,047	\$3,557,379	83.8%	\$ 355.65	\$ 424.56
2037	723	\$3,210,600	\$3,832,598	83.8%	\$ 369.88	\$ 441.54
2038	747	\$3,449,039	\$4,117,230	83.8%	\$ 384.68	\$ 459.20
2039	770	\$3,695,695	\$4,411,672	83.8%	\$ 400.06	\$ 477.57
<b>Present Value 2020 - 2039</b>		<b>\$19,928,972</b>	<b>\$23,789,863</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$19,928,972</b>	<b>\$23,789,863</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan N**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	60
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Loss Ratio Forecast Summary**

<b>Product</b>	<b>Lifetime LR (PV/FV)</b>	<b>Statutory Minimum LR</b>	<b>Meets Minimum?</b>
Plan A	83.8%	75.0%	Yes
Plan B	83.8%	75.0%	Yes
Plan G	83.8%	75.0%	Yes
Plan L	83.8%	75.0%	Yes
Plan M	83.8%	75.0%	Yes
Plan N	83.8%	75.0%	Yes



## **ACTUARIAL CERTIFICATION**

I, Dwayne Lucado, am the Group Pricing Actuary with Group Hospitalization and Medical Services, Inc. (GHMSI) doing business as CareFirst BlueCross BlueShield. I am a member of the American Academy of Actuaries. I have been involved in the development of these rates.

To the best of my knowledge and judgment, this rate filing complies with applicable laws and regulations of the District of Columbia, produces premiums that are reasonable in relation to benefits provided, and is based on sound and commonly accepted actuarial principles.

**Dwayne Lucado**

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Digitally signed by Dwayne

Lucado

Date: 2019.11.12 16:36:31

-05'00'

Dwayne Lucado, FSA, MAAA  
Sr. Actuary, Group Pricing  
CareFirst BlueCross BlueShield  
Mail Drop Point 01-760  
10455 Mill Run Circle  
Owings Mills, MD 21117

***Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield***

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**JURISDICTION: District of Columbia**

**Effective Date: 01/01/2020**

**(NAIC #53007)**

***Standardized Coverage***

**Plans A, B, G, L, M & N**

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**ACTUARIAL MEMORANDUM TABLE OF CONTENTS**

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**Group Hospitalization & Medical Services, Inc. d.b.a. CareFirst BlueCross BlueShield**  
**NAIC #: 53007**  
**DC File # 2394 Group Medigap, Standardized Coverage, 2010 Benefits**  
**Rates Proposed to be Effective 1/1/2020**  
**ACTUARIAL MEMORANDUM**

**Purpose of the Filing**

This filing is made to fulfill the requirement of annual filing for the enclosed Group Medicare Supplement plans. These plans were most recently filed for an effective date of 3/1/2019. To date we have no in-force business in these plans. These plans are open to new business.

**Summary of Assumptions**

In the absence of experience, we are proposing to move the existing base net premiums forward with trend. We are increasing premiums consistent with the trend assumed in our Individual Medigap filings. No changes to other rating factors are being proposed.

Case specific experience will be used consistent with our prevailing approved large group credibility curve (currently from SERFF #: CFAP-131868194). In the event that benefit adjustments are needed, the manual rates in this filing or other actuarially appropriate methods will be used to estimate the adjustments. Retention items from our prevailing approved large group filing will also be used, with the exception of ACA fees.

Premium Rates are based on attained age.

Enrollment projections are for illustrative purposes only.

Underwriters have latitude to use their expertise and judgment in settling on final rates for specific groups. Net premiums will be provided to underwriters as retention also varies by group. The company will apply underwriting discretion (+/- 30%) in situations where we feel the rating manual rate does not accurately reflect the expected experience of the group.

We will not have contract tiers. If a customer seeks to cover a dependent they will receive another single, independent rate.

The prevailing approved "Point of Enrollment" (POE) loads will apply if an employer offers more than one GRP65+ lettered plan as a choice to their retirees.

CareFirst changed the structure of its broker relationships, which resulted in commissions being excluded from quoted premium rates. As described on Page 7, this filing supports making such change.

## **Actuarial Memorandum (Continued)**

### **Use of Past Experience to Project Future Results**

To date we have no in-force business in these plans. As such, we are proposing to move forward the previously approved base premiums using the recently approved pricing trends from our Individual Medigap line of business. We feel this is reasonable given these are similar populations with very similar benefits.

### **Recognition of Plan Provisions**

The plan relativities in this filing are unchanged from the last approved filing. These relativities recognize the benefit differences between the plans.

### **New Plans or Benefits**

There are no new plans or benefits in this filing.

### **Regulatory Benchmark**

The plans' expected loss ratios are above the minimum of 75.0% per D.C. law (26-A2212).

### **Reasonableness of Assumptions**

Assumptions are reasonable in the aggregate and for each assumption individually.

### **Form Numbers**

The forms numbers supporting this rate filing are listed below.

DC/CF/MC SUPP A (1/13)  
DC/CF/MC SUPP B (1/13)  
DC/CF/MC SUPP G (1/13)  
DC/CF/MC SUPP L (1/13)  
DC/CF/MC SUPP M (1/13)  
DC/CF/MC SUPP N (1/13)  
DC/CF/GC (R. 1/13)  
DC/CF/GC/MED SUPP AMEND (1/13)

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Derivation of 1/1/2020 Net Premium Base Rates**

<b>Product</b>	<b>Net Premium PCPM (Prior Filing)</b>	<b>Annual Trend*</b>	<b>Effective Date (Prior Filing)**</b>	<b>Effective Date (Proposed)</b>	<b>Years of Trend</b>	<b>Trend Factor</b>	<b>Net Premium PCPM (Prior Filing) Trended to 2020</b>	<b>Net Premium PCPM (Proposed)</b>
Plan A	\$ 133.70	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 138.17	\$ 138.17
Plan B	\$ 145.39	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 150.25	\$ 150.25
Plan G	\$ 157.08	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 162.33	\$ 162.33
Plan L	\$ 122.02	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 126.10	\$ 126.10
Plan M	\$ 144.11	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 148.93	\$ 148.93
Plan N	\$ 119.43	4.0%	3/1/2019	1/1/2020	0.838	1.033	\$ 123.42	\$ 123.42

\* Pricing trend from latest approved DC FirstCare IND65+ rate filing (SERFF #: CFAP-131999911).

\*\* This date reflects the target effective date in the prior filing (i.e. the date to which these rates are priced).

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan-to-Plan Relativities (Base Rates)**

<b>Product</b>	<b>Net Premium PCPM (Proposed)</b>	<b>Relativity to Plan G</b>
Plan G	\$ 162.33	100.0%
Plan B	\$ 150.25	92.6%
Plan M	\$ 148.93	91.7%
Plan A	\$ 138.17	85.1%
Plan L	\$ 126.10	77.7%
Plan N	\$ 123.42	76.0%

**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**ESTIMATED COMPONENTS OF RETENTION (Illustrative)**

<b>Item</b>	<b>\$ PCPM</b>	<b>% of Premium</b>
Administrative Costs	\$ 30.49	10.4%
Service Fee *	\$ -	0.0%
Other Broker Expenses	\$ 4.51	1.5%
Contribution to Reserve	\$ 5.37	1.8%
Premium Tax	\$ 5.85	2.0%
Assesment Fees	\$ 0.29	0.1%
Federal Income Tax	\$ 0.95	0.3%
State Income Tax	\$ -	0.0%
<b>Total Retention</b>	<b>\$ 47.45</b>	<b>16.2%</b>
<b>Projected Claims</b>	<b>\$ 244.94</b>	<b>83.8%</b>
<b>Total Revenue</b>	<b>\$ 292.39</b>	<b>100.0%</b>

\* The "Service Fee" is a charge by the broker/producer to the policyholder for services provided by the broker/producer. If the policyholder and broker/producer elect to do so, we may collect a service fee for an amount up to 5% of the total premium. The Service Fee is not set by us, but negotiated between the policyholder and the broker/producer, and may be included in the total amount due if so requested by the policyholder. This exhibit demonstrates this change in broker strategy and commission payments.



**Group Hospitalization & Medical Services, Inc.**  
**d.b.a. CareFirst BlueCross BlueShield**  
2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM

Derivation of actual, final, composite GRP65+ rate for specific group based on census  
(assuming group selects Plan G)

**Step 1: Determine average rating factor for group (sample census)**

	Enrollment					Rating Factors				
	Male	Male	Female	Female	Total	Male	Male	Female	Female	Avg. Factor
Age	Smoker	Non-Smoker	Smoker	Non-Smoker		Smoker	Non-Smoker	Smoker	Non-Smoker	
65	2	5	3	1	11	1.6965	1.3575	1.6165	1.2935	1.4840
70	2	6	3	2	13	1.9120	1.5300	1.7848	1.4282	1.6319
75	1	10	2	10	23	2.0116	1.6096	1.8205	1.4567	1.5790
80	1	12	1	10	24	2.3891	1.9117	2.0845	1.6679	1.8372
85	1	15	1	12	29	2.8375	2.2705	2.3835	1.9073	2.1436
<b>Composite</b>	<b>7</b>	<b>48</b>	<b>10</b>	<b>35</b>	<b>100</b>					<b>1.8011</b>

**Step 2: Determine gross premium base rate for plan selected by group and apply average factor**

Proposed 1/1/2020 Plan G Net Prem Base Rate PCPM:	\$ 162.33
Group specific retention charge (illustrative)*:	83.8%
Proposed 1/1/2020 Plan G Gross Prem Base Rate PCPM:	\$ 193.78
Average Factor:	1.8011
<b>Final Group Billed Premium PCPM:</b>	<b>\$ 349.00</b>

<b>Total Monthly Billed Amount:</b>	<b>\$ 34,900</b>
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\* This will vary by group size.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan A Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	15	\$38,264	\$45,677	83.8%	\$ 212.58	\$ 253.76
2021	29	\$77,600	\$92,634	83.8%	\$ 221.08	\$ 263.91
2022	43	\$118,056	\$140,927	83.8%	\$ 229.93	\$ 274.47
2023	56	\$159,681	\$190,617	83.8%	\$ 239.12	\$ 285.45
2024	68	\$202,529	\$241,765	83.8%	\$ 248.69	\$ 296.87
2025	79	\$246,653	\$294,438	83.8%	\$ 258.64	\$ 308.74
2026	90	\$292,110	\$348,701	83.8%	\$ 268.98	\$ 321.09
2027	101	\$338,958	\$404,625	83.8%	\$ 279.74	\$ 333.94
2028	111	\$387,258	\$462,282	83.8%	\$ 290.93	\$ 347.29
2029	120	\$437,073	\$521,748	83.8%	\$ 302.57	\$ 361.18
2030	129	\$488,469	\$583,101	83.8%	\$ 314.67	\$ 375.63
2031	138	\$541,513	\$646,422	83.8%	\$ 327.26	\$ 390.66
2032	146	\$596,278	\$711,796	83.8%	\$ 340.35	\$ 406.28
2033	154	\$652,835	\$779,311	83.8%	\$ 353.96	\$ 422.53
2034	161	\$711,263	\$849,058	83.8%	\$ 368.12	\$ 439.44
2035	168	\$771,640	\$921,131	83.8%	\$ 382.84	\$ 457.01
2036	175	\$834,049	\$995,631	83.8%	\$ 398.16	\$ 475.29
2037	181	\$898,575	\$1,072,658	83.8%	\$ 414.08	\$ 494.31
2038	187	\$965,309	\$1,152,321	83.8%	\$ 430.65	\$ 514.08
2039	192	\$1,034,342	\$1,234,728	83.8%	\$ 447.87	\$ 534.64
<b>Present Value 2020 - 2039</b>		<b>\$5,577,674</b>	<b>\$6,658,251</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$5,577,674</b>	<b>\$6,658,251</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan A**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	15
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan B Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	15	\$41,610	\$49,671	83.8%	\$ 231.17	\$ 275.95
2021	29	\$84,385	\$100,733	83.8%	\$ 240.41	\$ 286.99
2022	43	\$128,377	\$153,248	83.8%	\$ 250.03	\$ 298.47
2023	56	\$173,642	\$207,282	83.8%	\$ 260.03	\$ 310.41
2024	68	\$220,236	\$262,903	83.8%	\$ 270.43	\$ 322.82
2025	79	\$268,218	\$320,180	83.8%	\$ 281.25	\$ 335.74
2026	90	\$317,649	\$379,188	83.8%	\$ 292.50	\$ 349.16
2027	101	\$368,593	\$440,001	83.8%	\$ 304.20	\$ 363.13
2028	111	\$421,115	\$502,699	83.8%	\$ 316.37	\$ 377.66
2029	120	\$475,286	\$567,364	83.8%	\$ 329.02	\$ 392.76
2030	129	\$531,175	\$634,081	83.8%	\$ 342.18	\$ 408.47
2031	138	\$588,857	\$702,938	83.8%	\$ 355.87	\$ 424.81
2032	146	\$648,409	\$774,027	83.8%	\$ 370.10	\$ 441.80
2033	154	\$709,912	\$847,445	83.8%	\$ 384.91	\$ 459.48
2034	161	\$773,448	\$923,290	83.8%	\$ 400.30	\$ 477.86
2035	168	\$839,103	\$1,001,665	83.8%	\$ 416.32	\$ 496.97
2036	175	\$906,968	\$1,082,677	83.8%	\$ 432.97	\$ 516.85
2037	181	\$977,136	\$1,166,439	83.8%	\$ 450.29	\$ 537.52
2038	187	\$1,049,704	\$1,253,066	83.8%	\$ 468.30	\$ 559.02
2039	192	\$1,124,774	\$1,342,679	83.8%	\$ 487.03	\$ 581.38
<b>Present Value 2020 - 2039</b>		<b>\$6,065,322</b>	<b>\$7,240,372</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$6,065,322</b>	<b>\$7,240,372</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan B**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	15
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

\*\*Present Value and Future Value calculations are brought to 01/01/2020. Future value calculations are not performed yet since there is no experience for this block of business as of the time of filing.

**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan G Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	900	\$2,697,311	\$3,219,868	83.8%	\$ 249.75	\$ 298.14
2021	1,755	\$5,470,147	\$6,529,892	83.8%	\$ 259.74	\$ 310.06
2022	2,567	\$8,321,916	\$9,934,142	83.8%	\$ 270.13	\$ 322.46
2023	3,339	\$11,256,161	\$13,436,846	83.8%	\$ 280.94	\$ 335.36
2024	4,072	\$14,276,560	\$17,042,394	83.8%	\$ 292.17	\$ 348.78
2025	4,768	\$17,386,932	\$20,755,347	83.8%	\$ 303.86	\$ 362.73
2026	5,430	\$20,591,248	\$24,580,442	83.8%	\$ 316.01	\$ 377.24
2027	6,058	\$23,893,630	\$28,522,603	83.8%	\$ 328.66	\$ 392.33
2028	6,656	\$27,298,363	\$32,586,944	83.8%	\$ 341.80	\$ 408.02
2029	7,223	\$30,809,897	\$36,778,776	83.8%	\$ 355.47	\$ 424.34
2030	7,762	\$34,432,857	\$41,103,622	83.8%	\$ 369.69	\$ 441.31
2031	8,274	\$38,172,049	\$45,567,217	83.8%	\$ 384.48	\$ 458.97
2032	8,760	\$42,032,466	\$50,175,522	83.8%	\$ 399.86	\$ 477.33
2033	9,222	\$46,019,298	\$54,934,733	83.8%	\$ 415.85	\$ 496.42
2034	9,661	\$50,137,936	\$59,851,285	83.8%	\$ 432.49	\$ 516.27
2035	10,078	\$54,393,985	\$64,931,870	83.8%	\$ 449.79	\$ 536.93
2036	10,474	\$58,793,270	\$70,183,440	83.8%	\$ 467.78	\$ 558.40
2037	10,850	\$63,341,845	\$75,613,220	83.8%	\$ 486.49	\$ 580.74
2038	11,208	\$68,045,999	\$81,228,723	83.8%	\$ 505.95	\$ 603.97
2039	11,547	\$72,912,275	\$87,037,754	83.8%	\$ 526.19	\$ 628.13
<b>Present Value 2020 - 2039</b>		<b>\$393,178,184</b>	<b>\$469,349,589</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$393,178,184</b>	<b>\$469,349,589</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan G**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	900
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

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**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan L Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	5	\$11,641	\$13,896	83.8%	\$ 194.01	\$ 231.60
2021	10	\$23,607	\$28,181	83.8%	\$ 201.77	\$ 240.86
2022	14	\$35,914	\$42,872	83.8%	\$ 209.84	\$ 250.49
2023	19	\$48,577	\$57,988	83.8%	\$ 218.23	\$ 260.51
2024	23	\$61,612	\$73,549	83.8%	\$ 226.96	\$ 270.93
2025	26	\$75,035	\$89,572	83.8%	\$ 236.04	\$ 281.77
2026	30	\$88,864	\$106,080	83.8%	\$ 245.48	\$ 293.04
2027	34	\$103,116	\$123,093	83.8%	\$ 255.30	\$ 304.76
2028	37	\$117,810	\$140,633	83.8%	\$ 265.52	\$ 316.95
2029	40	\$132,964	\$158,723	83.8%	\$ 276.14	\$ 329.63
2030	43	\$148,599	\$177,388	83.8%	\$ 287.18	\$ 342.82
2031	46	\$164,736	\$196,651	83.8%	\$ 298.67	\$ 356.53
2032	49	\$181,396	\$216,539	83.8%	\$ 310.62	\$ 370.79
2033	51	\$198,602	\$237,078	83.8%	\$ 323.04	\$ 385.62
2034	54	\$216,377	\$258,296	83.8%	\$ 335.96	\$ 401.05
2035	56	\$234,744	\$280,222	83.8%	\$ 349.40	\$ 417.09
2036	58	\$253,730	\$302,885	83.8%	\$ 363.38	\$ 433.77
2037	60	\$273,360	\$326,318	83.8%	\$ 377.91	\$ 451.13
2038	62	\$293,661	\$350,553	83.8%	\$ 393.03	\$ 469.17
2039	64	\$314,662	\$375,622	83.8%	\$ 408.75	\$ 487.94
<b>Present Value 2020 - 2039</b>		<b>\$1,696,810</b>	<b>\$2,025,537</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **: </b>		<b>\$1,696,810</b>	<b>\$2,025,537</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan L**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	5
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

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**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan M Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	5	\$13,748	\$16,412	83.8%	\$ 229.13	\$ 273.53
2021	10	\$27,881	\$33,283	83.8%	\$ 238.30	\$ 284.47
2022	14	\$42,416	\$50,634	83.8%	\$ 247.83	\$ 295.85
2023	19	\$57,372	\$68,487	83.8%	\$ 257.75	\$ 307.68
2024	23	\$72,767	\$86,864	83.8%	\$ 268.06	\$ 319.99
2025	26	\$88,620	\$105,789	83.8%	\$ 278.78	\$ 332.79
2026	30	\$104,953	\$125,285	83.8%	\$ 289.93	\$ 346.10
2027	34	\$121,785	\$145,378	83.8%	\$ 301.53	\$ 359.94
2028	37	\$139,139	\$166,094	83.8%	\$ 313.59	\$ 374.34
2029	40	\$157,037	\$187,460	83.8%	\$ 326.13	\$ 389.31
2030	43	\$175,503	\$209,503	83.8%	\$ 339.18	\$ 404.88
2031	46	\$194,561	\$232,254	83.8%	\$ 352.74	\$ 421.08
2032	49	\$214,238	\$255,742	83.8%	\$ 366.85	\$ 437.92
2033	51	\$234,558	\$280,000	83.8%	\$ 381.53	\$ 455.44
2034	54	\$255,551	\$305,059	83.8%	\$ 396.79	\$ 473.66
2035	56	\$277,244	\$330,955	83.8%	\$ 412.66	\$ 492.60
2036	58	\$299,667	\$357,722	83.8%	\$ 429.16	\$ 512.31
2037	60	\$322,851	\$385,397	83.8%	\$ 446.33	\$ 532.80
2038	62	\$346,827	\$414,019	83.8%	\$ 464.18	\$ 554.11
2039	64	\$371,631	\$443,628	83.8%	\$ 482.75	\$ 576.28
<b>Present Value 2020 - 2039</b>		<b>\$2,004,012</b>	<b>\$2,392,254</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$2,004,012</b>	<b>\$2,392,254</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan M**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	5
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

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**Group Hospitalization & Medical Services, Inc.  
d.b.a. CareFirst BlueCross BlueShield**

**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Plan N Lifetime Loss Ratio Forecast**

Year	Average Contracts	Ultimate Claims	Earned Premium	Incurred Loss Ratio	Claims/ Contract	Premium/ Contract *
2020	60	\$136,718	\$163,205	83.8%	\$ 189.89	\$ 226.67
2021	117	\$277,265	\$330,980	83.8%	\$ 197.48	\$ 235.74
2022	171	\$421,812	\$503,531	83.8%	\$ 205.38	\$ 245.17
2023	223	\$570,540	\$681,072	83.8%	\$ 213.60	\$ 254.98
2024	271	\$723,634	\$863,826	83.8%	\$ 222.14	\$ 265.18
2025	318	\$881,289	\$1,052,024	83.8%	\$ 231.03	\$ 275.78
2026	362	\$1,043,706	\$1,245,906	83.8%	\$ 240.27	\$ 286.81
2027	404	\$1,211,093	\$1,445,722	83.8%	\$ 249.88	\$ 298.29
2028	444	\$1,383,669	\$1,651,730	83.8%	\$ 259.87	\$ 310.22
2029	482	\$1,561,657	\$1,864,201	83.8%	\$ 270.27	\$ 322.63
2030	517	\$1,745,294	\$2,083,414	83.8%	\$ 281.08	\$ 335.53
2031	552	\$1,934,822	\$2,309,660	83.8%	\$ 292.32	\$ 348.95
2032	584	\$2,130,494	\$2,543,240	83.8%	\$ 304.01	\$ 362.91
2033	615	\$2,332,574	\$2,784,470	83.8%	\$ 316.17	\$ 377.43
2034	644	\$2,541,335	\$3,033,674	83.8%	\$ 328.82	\$ 392.53
2035	672	\$2,757,061	\$3,291,193	83.8%	\$ 341.97	\$ 408.23
2036	698	\$2,980,047	\$3,557,379	83.8%	\$ 355.65	\$ 424.56
2037	723	\$3,210,600	\$3,832,598	83.8%	\$ 369.88	\$ 441.54
2038	747	\$3,449,039	\$4,117,230	83.8%	\$ 384.68	\$ 459.20
2039	770	\$3,695,695	\$4,411,672	83.8%	\$ 400.06	\$ 477.57
<b>Present Value 2020 - 2039</b>		<b>\$19,928,972</b>	<b>\$23,789,863</b>	<b>83.8%</b>		
<b>Total Lifetime (PV/FV) **:</b>		<b>\$19,928,972</b>	<b>\$23,789,863</b>	<b>83.8%</b>		

**Forecast Assumptions**

**Plan N**

Annual Claims Trend	4.0%
Average Rating Factor	1.5385
Annual Rate Change	4.0%
Annual Lapse Rate	-5.0%
Annual Sales	60
Interest Rate	4.6%

\* Assumes illustrative loss ratio from page 7 applied to claims/contract.

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**2020 DC GROUP MEDIGAP ACTUARIAL MEMORANDUM**

**Loss Ratio Forecast Summary**

<b>Product</b>	<b>Lifetime LR (PV/FV)</b>	<b>Statutory Minimum LR</b>	<b>Meets Minimum?</b>
Plan A	83.8%	75.0%	Yes
Plan B	83.8%	75.0%	Yes
Plan G	83.8%	75.0%	Yes
Plan L	83.8%	75.0%	Yes
Plan M	83.8%	75.0%	Yes
Plan N	83.8%	75.0%	Yes